

From: "Dick Schroeder" <Richards@CommunityNational.com> on 02/10/2006 10:49:58 AM

Subject: Interagency Guidance on Nontraditional Mortgage Products

To whom it may concern,

I am responding with my comments regarding this docket regarding Non-traditional Mortgage Products Docket No. OP-1246.

I feel we should qualify customers for second mortgage financing using a payment calculated on a 20 year amortization of principal and interest at an interest rate 5% above the starting rate or the maximum interest rate allowed in the contract, whichever is higher.

I feel underwriting using "stated income" is acceptable for applicants with Beacon Scores above a certain level, such as, 750. I DO NOT feel underwriting of sub-prime loans should be done using "stated income".

I feel using future anticipated events to qualify applicant(s) is worthwhile if the result is relying on future total income that is lower than their current income.

I feel it would help in underwriting second mortgage loans if we would know if the applicant(s) first mortgage is a fixed rate loan or an adjustable rate loan. However, I don't know of an efficient, reliable, competitive way to do this.

Dick Schroeder
President - Roseville Market
Senior Vice-President Credit Administration
Community National Bank

Direct: 651-634-9482